



PSC NEWS

Missouri Public Service Commission

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PSC APPROVES AGREEMENT REGARDING AQUILA'S PARTICIPATION IN IATAN 2

JEFFERSON CITY--The Missouri Public Service Commission has approved an agreement among Aquila, Inc., the Office of the Public Counsel, the Public Service Commission Staff and the Sedalia Industrial Energy Users' Association which will enable Aquila to put in place construction financing related to its participation in Iatan 2 and environmental upgrades to Iatan 1.

"The Agreement strikes a reasonable and appropriate balance between the interests of Aquila's customers and shareholders in relation to Aquila's participation in building Iatan 2 and upgrading Iatan 1. There is no indication that the Agreement, if approved, would have a negative impact on Aquila's credit ratings. Also, Aquila should experience lower debt costs by using secured financing," the Commission said.

Iatan 2 is a proposed new coal-fired generation unit with 800-900 MW (Megawatts) of capacity to be located at the Iatan site near Weston, Missouri. Iatan 2 is to be built by Kansas City Power & Light (KCPL). Iatan 1 is an existing generating unit in which Aquila holds an 18% ownership interest.

The agreement allows Aquila to encumber its Aquila Networks-MPS division's assets as security for a five-year loan to be used solely for Aquila's participation in the construction of Iatan 2 and environmental upgrades to Iatan 1.

"The Agreement gives Aquila an opportunity to participate as an owner of at least 140 MW of coal-fired generation to be built in Missouri for its regulated electric operations in Missouri, and to finance construction of environmental upgrades to Iatan Unit 1. The Agreement also contains provisions to restrict Aquila's use of the loan proceeds for anything other than the Iatan projects," the Commission said.

Aquila, Inc. provides electric service to approximately 240,000 customers in its MPS service area and to approximately 60,000 customers in its L&P service area (formerly St. Joseph Light & Power).